

Graeme Charles on Co-operation in The Devondaler



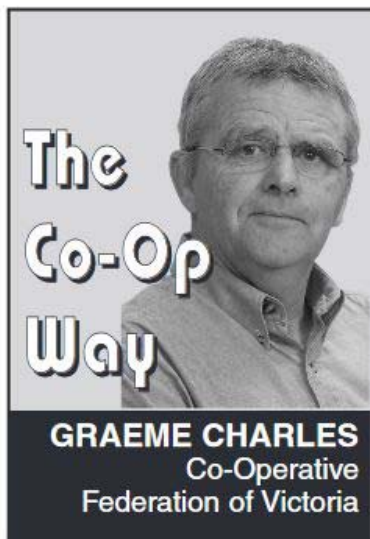
Graeme Charles was the Executive Officer and Secretary of the Co-operative Federation of Victoria Ltd between 1999 and 2002 and Deputy Chairman between 2002 and 2008 – the peak body for co-operatives in the Australian State of Victoria.

Between 2006 and 2008 Graeme Charles was a guest columnist for The Devondaler – the monthly newspaper of Murray Goulburn Co-operative Co. Limited. The Devondaler was established in 1986.

The Co-operative is one of Australia's largest with 2200 dairy farmer members and more than 2000 employees.

Twenty of these columns have been reproduced.

What Gives Co-operatives A Bad Name?



(From of a paper presented by Bruce Anderson and Brian Henahan from Cornell University, delivered at a Co-operative Conference in Kansas City, Missouri, October 2003)

How many times have you heard someone say, “I don’t want to have anything to do with co-operatives”, or “Co-operatives don’t work”, or “Co-operatives are old-fashioned.”

Sometimes they have failed. In some cases, farmers have had unrealistic expectations about their co-operatives ability to influence the market or improve prices. It is amazing however, how long people’s memories can be, particularly when a person believes, rightly or wrongly, that they have been wronged by a co-

operative. In fact, some farmers pass their bad experience with a co-operative down from generation to generation.

There is nothing inherent in the legal or organisational structure of co-operatives that destines them to poor performance. Like every other organization, it all comes down to the behaviour, performance and expectations of their boards, management and members.

What then are some of the reasons that co-operatives have acquired a bad name?

- Monopolistic behaviour

- Members don't like large impersonal organisations
- Tensions between small and large members
- Acting "just like any Business"
- A perception that the board and management don't care about members.
- Co-operatives are socialistic institutions
- Co-operatives are not really a business
- Poor Performance

It is the last of these reasons I want to focus on in this article.

Reasons for Poor Performance

Certainly members will think negatively of their co-operative if it is not performing well as compared to other firms in their industry. But the problem of poor performance doesn't stop there. The poor performance of one co-operative can give a bad reputation to all co-operatives.

Two reasons for poor co-operative performance are:

Conflicting goals

There are inherent goal conflicts in all co-operatives. The board of directors has a fiduciary responsibility to, in the short term, act in the best interests of the co-operative even if its actions have a negative impact on members. An example of this might be reduction of member services. Although such actions are often viewed as negative by members in the short term, the eventual results should benefit members via a more efficient and financially healthy organization.

Management may pursue goals, with or without the approval of the board, that are not in the best interests of members.

A polarized membership may have conflicting goals. Members of different age groups, geographic areas or size of farm enterprise may not agree on a set of common objectives.

Lack of member oversight

There are three major ways in which members can exercise their democratic right within a co-operative.

1. By voicing their opinion
2. By voting for directors and other issues
3. By exiting the co-operative.

In order to properly carry out their democratic responsibilities members must be kept well informed about the co-operatives affairs and performance.

The necessary trust built between members and the co-operative depends on a high degree of accurate communication from directors, management and employees.

Unfortunately, as all agricultural sectors have become more competitive, one area that

has probably suffered a disproportionate share of cuts is member relations and information.

Members have an obligation to keep themselves informed about their co-operative. Again unfortunately, a large portion of members do not read publications or attend co-operative meetings.

21 November 2006



List of Graeme Charles articles published between 2006 - 2008

| Title | Date on Article or File – not when published | Identification Number |
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| The importance of co-operatives in agriculture across the world. | 2 October 2006 | 2 |
| What Gives Co-operatives A Bad Name | 21 November 2006 | 3 |
| Murray Goulburn one of only two Australian co-operatives in the ICA Global 300 | No date | 4 |
| UK Co-operative College and Co-operative Federation of Victoria helping Murray Goulburn members co-operative identity | !! December 2006 | 6 |
| Review of The Democracy Principle: Farmer Co-operatives in Twentieth Century Australia by David Griffiths | 12 February 2007 | 7 |
| Particular Challenges for Co-operatives – Funding Expansion | 12 February 2007 | 8 |
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| Retaining Co-operative Characteristics | 25 January 2008 | 18 |

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| Agricultural Co-operatives are Financially Competitive | 7 February 2008 | 19 |
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| Small is sometimes beautiful | 30 September 2008 | Number unknown |